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FISCAL IMPACT STATEMENT

LS 7459

BILL NUMBER: HB 1626

NOTE PREPARED: Feb 20, 2009

BILL AMENDED: Feb 19, 2009

SUBJECT: Municipality Insurance.

FIRST AUTHOR: Rep. Fry

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill allows one or more municipalities to form a domestic mutual insurance company to insure risks related to municipalities.

Effective Date: (Amended) July 1, 2009.

Explanation of State Expenditures: (Revised) The bill provides that one or more Indiana municipalities may form a corporation as a domestic mutual company for purposes of making insurance (other than reciprocal, farm mutual, fraternal, and assessment insurance) available to Indiana municipalities. If the Department of Insurance (DOI) commissioner determines that the domestic mutual company may be hazardous to the policyholders or the general public, the commissioner may issue an order requiring the insurer to increase the insurer's capital and surplus based on the type, volume, and nature of the business transacted.

Because the DOI already reviews and issues certificates of authority to insurance companies, providing that one or more municipalities may form a domestic mutual insurance company should not result in a significant impact to the DOI.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) One or more municipalities may form a domestic mutual insurance company to insure risks related to municipalities. Presumably, a municipality would not form a domestic mutual insurance company unless it is likely that forming the company would reduce or contain costs for the municipality.

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected: Municipalities.

Information Sources: Carol Cutter, 232-5695, DOI.

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